

A SECOND NOTE ON THE MISSION
OF THE UNION

1. I beg the indulgence of my Presidium colleagues to return once more to the issue of the Mission of the Union in an attempt to formulate a proposal I have already sketched in my previous note. This time, I will try to do so hopefully in a more cogent manner than before. First, however, I should like to call attention to the general tenor as well as to certain specific statements made in the last meeting of our Convention.
2. It is true that the general tenor of interventions in the Convention placed economic goals in a rather secondary place. Our colleagues gave pride of place to the strengthening of the international presence of the Union, followed by cooperation in the area of internal security and justice. Economic and social aims, as far as I could judge, came after political priorities. In view of the fact that to this day the dynamo of the evolution of European institutions and policies has resided in the economic sphere, I find this muted reaction of the Convention, insofar as the economy is concerned, rather surprising. Is it really possible from the overwhelming emphasis attached so far to the internal market and the common currency to pass without transition to a situation where political construction expands to almost fill the whole space? Is it possible for the process of the ever closer unification of the peoples of Europe to continue without the support of a strong economic goal side by side with the political ones? I doubt it.

3. Before outlining an idea which might lead to such a goal I should like to point to two isolated, but nevertheless significant, interventions with strong economic references by two of our Convention colleagues in our latest meeting,. The first came from Mr. Proinsias de Rossa, MEP, representing the Irish Parliament. Mr. De Rossa's intervention can best be summarized in his own phrase as the principle that "the market must be tamed for the sake of society". Taken to its logical conclusion this phrase implies an overturning of the whole philosophy of the Common Market which has so far reserved a predominant position to market freedom, rather than to any social guidance of economic activity. Truly, it is accepted that certain abuses of the market economy have to be put under control but, in principle, the independence of the workings of the market had better be left undisturbed. "Taming" the market is clearly out of the question. As a socialist I am bound to express sympathy to Mr. De Rossa's views, as a realist I have to admit that in the present alignment of social and political forces in Europe any scheme socially motivated large-scale intervention in the market economy is condemned to failure. I stress, however, that warnings like those of our Irish colleague should not be left to pass unnoticed. Indeed, they voice the feelings of disappointment and alienation of all those fellow-citizens of ours – and they are many – whom the market economy has marginalized. Such disappointment, unless somehow attended to, is bound to spill over even to the process of European unification.
4. The second intervention came from Mr. Lennkmaker, representative of the Swedish Parliament. He raised the issue of the need to achieve a high rate of economic growth, amounting to 5-6% for a decade, in Central and Eastern European countries so that they can catch up in terms of living standards and become a genuine part of

Europe. Otherwise, the re-unification of Europe risks to remain an empty formality, devoid of real substance. For the Europe of the Fifteen fast development in Central and Eastern Europe will be matched in the economies of present member-states by higher levels of economic activity, capable of absorbing long term unemployment in the West, so that the state of full employment, typical of Europe in the sixties and seventies and a mainstay of popularity of the process of European unification be restored. In this way enlargement can become a source of economic strength rather than a drag and a burden on the Union.

5. These ideas, voiced by Mr. Lennkmaker I should like to take a little bit further, in two directions: First, it has to be appreciated that in the European Union and its contingent areas (Russia, Turkey, the Middle East, North Africa) we are confronted with enormous, geographically concentrated economic potential which, properly mobilized can place Europe securely in the lead of the world economy. To illustrate this contention I will borrow the description of the European potential given by an American economist: *“Nowhere on earth are there almost a billion contiguous people who are as rich. No one even comes close. Nowhere on earth are there a billion people better educated or better skilled. No one even comes close. Nowhere on earth are there a billion people with better infrastructure. No one even comes close”*. (Lester C. Thurow: Building Wealth, New York, 1999, p. 86). This kind of potential implies for the Union a big economic mission, which has to be formulated by our Convention as a natural successor to the goals of internal market and common currency. To quote Lester Thurow once again: *“Europe has a momentum on its side that no other part of the world can match. A major step forward was just taken with the introduction of the Euro. It is much harder to jump from a national to a global economy, as the rest of*

the world is trying to do, than to make a two-stage jump, first to a regional economy and then to a global economy, as Europe is doing". (Ibid. p.87).

6. The second direction towards which I would like to extend the intervention of our colleague, Mr. Lennmaker, is in the area of public economics. The market, left exclusively to its own devices, will carry the mobilization of European potential forward up to a certain point. To reach full results, shorten the transition and make it more effective, public intervention at various points will be required. The restructuring of the division of labor, of economic activity, via transferring whole branches of industry to areas of lowest cost and highest benefit will have to be both stimulated and facilitated. This will require persistent work of political and economic education among the public of the Fifteen. Transfer of funds, some of them public, of an amount considerably higher than the present budget of the EU can afford, will also have to be contemplated. Effective action on a scale large enough can only be undertaken at the level of the Union, not of individual member-states. Neither our institutions, as they stand now, nor our Convention, are prepared for the task. The question of fiscal federalism is not even raised in the Laeken questionnaire. Economic and employment policies are relegated among the complementary competences of the Union. This state of affairs is not conducive to the daring initiatives needed by us if we are to conquer our economic future.

7. I should, therefore, like to conclude by submitting to the Presidium the following proposals: (a) that due attention be paid to the redrafting of Article 2 of the Treaty of the EU in such a way as to include the twin goals of creating a major economic area, a major economic Europe, and of achieving full employment, as successors to the goals of the single market and the common currency. The priority

of fast development of Central and Eastern Europe in this project must be made explicit. (b) that the Convention commission an expert study to explore the specific implications of such a goal for the institutional arrangements and the existing policies of the Union. (c) that competences of the Union for economic policy and for employment be upgraded from complementary to concurrent and (d) that consideration of a more advanced form of fiscal federalism, than the one underlying the present budgetary arrangements, be placed on the agenda of the Convention.

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